

U.S. Business Enterprises Acquired or Established by Foreign Direct Investors in 1980

BASED on preliminary results of a BEA survey, foreign direct investors, either directly or through their U.S. affiliates, acquired or established 1,373 U.S. business enterprises in 1980, at a cost of \$9.9 billion. Details from that survey, and revised data for 1979, are presented below. Other highlights of the survey:

- Acquisitions of existing U.S. business enterprises accounted for \$8.1 billion of total investment outlays in 1980. Most of the outlays were by U.S. affiliates.

Note.—This survey was conducted under the supervision of James L. Bomkamp, Chief, Direct Investment in the United States Branch, International Investment Division. Joseph P. Cherry was project leader for editing and processing the forms. Richard Maury designed the computer programs for data retrieval and analysis.

The scope of this article is different from that of "Foreign Direct Investment in the United States in 1980," (page 40 of this issue). This article covers the full cost to foreign direct investors of acquiring or establishing U.S. business enterprises, regardless of how or by whom financed, presents selected operating and financial data of the acquired or established enterprises, and provides information on ultimate beneficial ownership. "Foreign Direct Investment in the United States in 1980" covers existing U.S. affiliates as well as U.S. business enterprises acquired or newly established in 1980. Capital flow data in that article include inflows from foreign parents to acquire or establish U.S. business enterprises. Those inflows, however, cannot be entirely separated from other capital flows between foreign parents and their U.S. affiliates, and, in any event, represent only the portion of the total cost of acquisitions and establishments that is financed by foreign parents.

- Outlays were well below the revised 1979 level of \$15.8 billion. Most of the year-to-year decrease was explained by the fact that there was no counterpart in 1980 to an unusually large (almost \$4 billion) 1979 acquisition in the petroleum industry.

- More than one-half of the number of 1980 investments were in real estate. Outlays were largest in manufacturing (\$8.4 billion), real estate (\$2.7 billion), retail trade (\$0.9 billion), and petroleum (\$0.7 billion).

- When classified by the country of the foreign parent—i.e., the country of the first foreign person in the ownership chain of the acquired or established U.S. business enterprise—more than 80 percent of total outlays were accounted for by parents in developed countries. The largest outlays were accounted for by parents in the United Kingdom (\$2.6 billion), the Netherlands (\$1.6 billion), Germany (\$1.3 billion), and Canada (\$1.2 billion). Among developing countries, the largest outlays (\$1.2 billion) were accounted for by parents in the Netherlands Antilles.

- When classified by the country of the ultimate beneficial owner, outlays accounted for by investors in the Netherlands and the Netherlands Antilles were much lower, and those accounted for by investors in Canada, the Middle East, and the Far East much higher, than when classified by country of foreign parent.

- Foreign-source funds financed nearly two-thirds of total investment outlays.

- Total assets of all U.S. business enterprises acquired or established in 1980 were \$40.5 billion. Nearly one-half of the total was in banking.

- Acquired enterprises had total assets of \$37.0 billion and sales of \$21.0 billion; they employed 261,000 workers and owned 1.7 million acres of U.S. land.

- Newly established enterprises had total assets of \$3.5 billion and sales of \$0.7 billion; they employed 6,000 workers and owned 0.3 million acres of U.S. land.

These findings are from a BEA survey that covers two types of foreign direct investment in the United States: (1) acquisitions of existing U.S. business enterprises, including business segments or operating units of existing U.S. business enterprises, and (2) establishments of new U.S. business enterprises.¹ Investments of either type may be made directly, by the foreign direct investor itself, or indirectly, by an existing U.S. affiliate of the foreign direct investor. The data cover investments in U.S. business enterprises that had total assets of over \$500,000, or that owned at least 200 acres of U.S. land at the time of acquisition or establishment.²

Data for 1979 have been revised upward substantially from those previ-

1. Foreign direct investment in the United States is the ownership or control, directly or indirectly by one foreign person, of 10 percent or more of the voting securities of an incorporated U.S. business enterprise or an equivalent interest in an unincorporated U.S. business enterprise. A foreign person is any individual, branch, partnership, association, trust, corporation, government, or government enterprise resident outside the United States. A business enterprise is defined to include the ownership of real estate. However, residential real estate held exclusively for personal use is excluded from coverage.

2. Investments not meeting either of these criteria had to be reported, but only limited information was required, primarily for identification purposes. There were 1,116 such "partially exempt" investments reported for 1980; total assets of the U.S. enterprises acquired or established were less than \$0.5 million. For 1979, there were 742 such investments reported; assets were less than \$0.3 million.

ously published.³ (A technical note at the end of this article discusses the revisions.) Data for 1980 are preliminary—they are expected to be revised upward when late reports are included.⁴ Because of improvements in the timeliness and quality of reported data, revisions for 1980 should be much smaller than those for 1979. The 1980 revisions are likely to raise the number of investments and investors proportionately more than dollar values, because emphasis was placed on ensuring that large investments were included in the preliminary data.

Dollar values for new investments in a given year may be dominated by a relatively small number of large transactions, mainly acquisitions. Changes in the number or size of such large investments, or in their industry or country classification, from one year to the next may obscure any year-to-year changes in the underlying pattern of investment. Because of this, and because of the expected upward revisions for 1980, comparisons of preliminary 1980 data with revised 1979 data should be made with caution, especially for individual industries or countries. In this article, the primary focus is on 1980 data; limited comparisons with 1979 data are included.

The article is divided into two major sections. The first discusses investment transactions, including their number and type, their cost to investors, and the means by which they were financed. The second presents data on the operations of the U.S. business enterprises acquired or established.

Investment Transactions⁵

Foreign direct investors, either directly or indirectly through their U.S. affiliates, acquired or established 1,373 U.S. business enterprises in 1980 (table

Table 1.—Investments, Investors, and Investment Outlays

	1979 *		1980 *	
	Number	Investment outlays (millions of dollars)	Number	Investment outlays (millions of dollars)
Investments, total.....	1,858	15,317	1,373	9,851
Acquisitions.....	880	13,159	551	8,138
Establishments.....	978	2,158	742	1,713
Investors, total.....	1,378	15,317	1,498	9,851
Acquisitions.....	707	13,159	437	8,138
Establishments.....	1,063	2,158	551	1,713
Foreign direct investors, total.....	1,072	3,448	840	2,154
Acquisitions.....	288	1,853	208	1,528
Establishments.....	782	1,595	631	1,626
U.S. affiliates, total.....	686	11,870	558	7,697
Acquisitions.....	437	11,475	268	6,587
Establishments.....	249	495	290	1,110
Additional: Number of investments and amount of investment outlays, by quarter—				
I.....	330	2,285	405	2,537
II.....	275	2,796	345	3,538
III.....	246	2,494	338	1,020
IV.....	617	6,742	264	2,000

* Revised.
* Preliminary.

1). Investment outlays—the cost to investors of the equity interests acquired or established—were \$9.9 billion.

Most of the outlays—\$8.1 billion—financed the 681 acquisitions of existing U.S. enterprises made during the year. The remainder financed the establishment of 742 new U.S. enterprises, mainly purchases of U.S. real estate.

The 1,373 investments were made by 1,498 investors—840 foreign direct investors and 658 existing U.S. affiliates of foreign direct investors.⁶ Most of the

investments by foreign direct investors were to establish new enterprises, while most of those by U.S. affiliates were to acquire existing enterprises. Outlays by foreign direct investors were \$3.2 billion, less than one-half of those by U.S. affiliates.

Investment outlays in 1980 were well below the 1979 level of \$15.3 billion, largely because of a decline—from \$13.2 billion to \$8.1 billion—in outlays for acquisitions. A major factor in the decline was an unusually large petroleum acquisition in 1979 that had no counterpart in 1980. Outlays for that acquisition—at the time, the most expensive in U.S. history—were nearly \$4 billion; in contrast, outlays for the largest acquisition in 1980 were less than \$0.7 billion. Excluding the 1979 petroleum acquisition, outlays for acquisitions in 1980 were roughly \$1.5 billion below the adjusted 1979 total. The year-to-year decrease probably was not substantial if account is taken of expected upward revisions to the 1980 data because of late reports.

Again excluding the 1979 petroleum acquisition, the number (16) and cost (\$3.3 billion) of large acquisitions—those involving outlays of \$0.1 billion or more—were identical in 1979 and 1980.

The underlying strength of foreign direct investment in the United States persisted in 1980 despite a combination

If the establishment and acquisition were made simultaneously, or if it was made clear to BEA that they were both part of a single investment transaction, only one report, reflecting the acquisition of a U.S. business enterprise by a foreign direct investor, would be required. In this case, the effect on the data would be the same as if the foreign direct investor acquired the enterprise directly, without first establishing the holding company. If either of the above conditions was not met, however, two investments—the establishment of a U.S. holding company by a foreign direct investor and the acquisition of a U.S. enterprise by a U.S. affiliate (i.e., the holding company)—would be reflected in the data (if the holding company met BEA's reporting requirements for a full—rather than partial—report). The distribution of investment outlays by source of financing, shown in table 2, is also affected by the structure of investment transactions, because it reflects the reporting entity's immediate, rather than original, source of funds.

8. The number of investors was larger than the number of investments because groups of two or more investors participated in some investments. For example, if two foreign direct investors—or a foreign direct investor and one of its U.S. affiliates—jointly acquired direct investment equity interests in the same U.S. business enterprise, each investor was counted separately.

An investor making more than one investment during the year was counted once for each separate investment.

3. See International Investment Division, "U.S. Business Enterprises Acquired or Established by Foreign Direct Investors in 1979," *Survey of Current Business* 61 (January 1981): 28-30.

4. Revised data for 1980, and preliminary data for 1981, will be published in spring 1982.

5. The number of investments and investors, their distributions by type of investment and by type of investor, and the distributions of investment outlays by type of investment and by type of investor, shown in tables 1 through 3, are affected by the structure of investment transactions. For example, a foreign direct investor may establish a U.S. holding company to acquire a U.S. business enterprise.

Table 2.—Investments and Investors, by Industry of U.S. Business Enterprise

	1970 *						1960 *					
	Investments			Investors			Investments			Investors		
	Total	Acquisitions	Establishments	Total	Foreign direct investors	U.S. affiliates	Total	Acquisitions	Establishments	Total	Foreign direct investors	U.S. affiliates
	(Number)	(Number)	(Number)	(Number)	(Number)	(Number)	(Number)	(Number)	(Number)	(Number)	(Number)	(Number)
All industries.....	1,253	646	962	1,779	1,073	696	1,373	631	742	1,493	940	553
Agriculture and forestry.....	61	27	54	83	72	11	127	26	102	135	114	21
Mining.....	22	14	6	22	0	22	16	10	6	16	5	10
Petroleum.....	45	32	19	63	26	37	41	22	19	44	18	26
Manufacturing.....	270	208	321	381	115	266	208	147	35	227	84	143
Wholesale trade.....	69	50	19	74	27	47	40	31	9	42	23	19
Retail trade.....	29	23	7	36	14	22	31	22	9	32	8	23
Banking.....	16	5	8	16	13	3	22	23	0	32	12	20
Finance, except banking.....	16	7	9	21	15	6	23	6	17	24	10	10
Insurance.....	12	8	5	14	7	7	11	6	5	12	8	4
Real estate.....	820	235	695	1,064	722	342	772	262	510	847	687	210
Other.....	67	55	32	92	50	42	78	57	21	83	45	40

* Revised.

* Preliminary.

of economic factors that worked to weaken such investment. The U.S. economy was slack through much of the year and economic activity slowed substantially in Europe. The resulting downward pressure on the earnings of foreign multinational companies reduced the amount of internally generated funds available for new investments, while soaring interest rates in this country made acquisitions more expensive for investors who required financing in U.S. capital markets.

The failure of these adverse short-run developments to produce a substantial slowing in the pace of foreign acquisitions underlines the importance of favorable long-run considerations, especially the size of the U.S. market and the relative stability of economic and political conditions in the United States. Also, the decline in the foreign currency value of the dollar during the past decade lowered the cost to foreigners of acquisitions in the United States.

Industry

More than one-half of all 1960 investments were in real estate (table 2). Most of the remainder were in manufacturing and in agriculture and forestry. In both real estate and agriculture and forestry, the investments were largely purchases of unimproved land (classified as "establishments").

Investment outlays were highest in manufacturing (\$3.4 billion), real estate (\$2.7 billion), retail trade (\$0.9 billion), and petroleum (\$0.7 billion)

(table 2). Within manufacturing, \$1.5 billion of the outlays were in "other" and about \$0.4 billion each in food and nonelectrical machinery.

Roughly one-third of the outlays in "other" manufacturing were to acquire a controlling interest in a U.S. tobacco company that also produced and dis-

tributed other consumer products, including beverages. The company was acquired by the U.S. affiliate of a British conglomerate. The British firm had previously held a small (less than 10 percent) equity interest in the U.S. company and had a marketing agreement with it for U.S. distribution of

Table 3.—Investment Outlays, by Industry of U.S. Business Enterprise

	1970 *					1960 *				
	By type of investment		By type of investor			By type of investment		By type of investor		
	Total	Acquisitions	Establishments	Foreign direct investors	U.S. affiliates	Total	Acquisitions	Establishments	Foreign direct investors	U.S. affiliates
	(Millions of dollars)	(Millions of dollars)	(Millions of dollars)	(Millions of dollars)	(Millions of dollars)	(Millions of dollars)	(Millions of dollars)	(Millions of dollars)	(Millions of dollars)	(Millions of dollars)
All industries.....	15,317	12,169	2,156	3,440	11,575	2,663	5,126	1,739	3,454	6,711
Agriculture and forestry.....	151	67	84	115	36	284	105	179	792	83
Mining.....	238	133	85	49	160	170	(D)	(D)	(D)	(D)
Petroleum.....	4,090	3,974	36	48	3,961	709	674	35	44	676
Manufacturing.....	4,170	3,595	275	906	3,261	3,281	3,282	148	673	3,796
Food and kindred products.....	834	289	42	100	261	424	424	0	(D)	(D)
Paper and allied products.....	(D)	(D)	1	(D)	(D)	(D)	(D)	0	(D)	(D)
Chemicals and allied products.....	679	(D)	(D)	20	659	233	242	16	8	260
Industrial.....	234	234	1	1	234	170	(D)	(D)	0	175
Drugs.....	296	296	(D)	4	295	30	38	2	2	38
Other.....	186	(D)	(D)	16	170	37	(D)	(D)	1	56
Primary metal industries.....	341	118	39	(D)	(D)	(D)	184	(D)	(D)	130
Fabricated metal products.....	(D)	430	(D)	(D)	328	162	(D)	(D)	(D)	(D)
Machinery, except electrical.....	470	456	31	107	396	434	366	48	187	296
Electrical and electronic equipment.....	593	525	6	76	574	889	332	7	34	305
Other.....	1,838	1,235	53	548	990	1,500	1,132	69	275	1,225
Wholesale trade.....	440	386	60	79	361	259	(D)	(D)	32	207
Retail trade.....	53	51	0	0	51	61	(D)	(D)	(D)	(D)
Metals and minerals.....	97	94	3	(D)	(D)	(D)	(D)	0	(D)	(D)
Farm products raw materials.....	(D)	(D)	(D)	(D)	(D)	(D)	(D)	0	(D)	(D)
Other.....	222	226	57	(D)	(D)	185	184	1	(D)	(D)
Banking.....	480	431	18	138	311	923	906	14	17	908
Finance, except banking.....	943	818	25	(D)	(D)	449	387	22	313	107
Insurance.....	268	247	41	(D)	(D)	205	(D)	(D)	(D)	(D)
Real estate and combined offices.....	(D)	(D)	16	38	(D)	367	348	15	49	319
Other.....	2,239	1,774	1,483	1,741	1,518	2,728	1,992	1,136	1,089	1,118
	(D)	(D)	34	(D)	(D)	318	318	45	128	223

* Revised.

* Preliminary.

* Less than \$50,000.

* Suppressed to avoid disclosure of data of individual companies.

spirits imported from the United Kingdom. The British firm sought control initially contested by the U.S. company, to establish a direct marketing presence in the United States. (Outlays for this acquisition were the second largest for any single investment in 1980.)

Three other large acquisitions accounted for another one-third of the outlays in "other" manufacturing. The largest was the acquisition of a substantial minority interest in a U.S. auto manufacturer by a government-owned French auto manufacturer. (The French firm has an option to obtain a majority interest in the future.) The investment followed a series of production, marketing, and financing agreements between the two firms over the preceding 2 years, including loans to, and a less-than-10-percent equity investment in, the U.S. firm by the French firm. The French firm was primarily interested in expanding its U.S. sales through the U.S. firm's dealer network. The substantial increase in its equity position in the U.S. firm followed deterioration of the U.S. auto market in 1980 and the U.S. firm's resulting need for capital. The two other large acquisitions in "other" were a U.S. cement manufacturer acquired by a German-owned U.S. affiliate and a U.S. textile manufacturer acquired by a British-owned U.S. affiliate. Most of the remaining outlays in "other" were for acquisitions in printing and publishing and in plastics.

In food, four acquisitions accounted for almost all 1980 outlays. The two largest were in beverages. One was the acquisition of a large independent soft drink bottler by the U.S. affiliate of a Japanese company, the other the acquisition of a distiller by the U.S. affiliate of a French company. (The latter was related to the acquisition of the U.S. tobacco company mentioned above; the distiller was sold by the U.S. tobacco company in an unsuccessful attempt to fend off its own acquisition by the British firm.) The other two major acquisitions in food were of a grain milling firm by a Canadian company and of

a meat packer by the U.S. affiliate of a British company.

In nonelectrical machinery, most of the outlays were for small- and medium-sized investments, including several acquisitions of U.S. manufacturers of office computing and accounting machines. Only one investment—the acquisition of a construction and mining machinery manufacturer by the U.S. affiliate of a Canadian conglomerate—involved outlays of as much as \$0.1 billion.

Other major investments in manufacturing included acquisitions of: a minority interest in a large pulp and paper manufacturer by a British-owned U.S. affiliate; an industrial chemicals manufacturer by a German-owned U.S. affiliate; and an electric motor manufacturer by a British-owned U.S. affiliate.

Investment outlays in real estate were \$2.7 billion. Most were for small investments in U.S. land. Of the 772 real estate investments, only 51 involved outlays larger than \$10 million; together, they accounted for \$1.2 billion of total outlays in real estate. The largest were acquisitions of a major office building in New York City; an industrial complex, including plants, offices, and warehouses, in New Jersey; and a shopping center in California, all by Netherlands investors or their U.S. affiliates.

Roughly two-thirds of the \$0.9 billion of outlays in retail trade were for a single acquisition, the largest in 1980. The U.S. affiliate of a diversified British manufacturing company acquired a nationwide restaurant and hotel chain. The U.S. chain, which relied to a large extent on automobile travel for business, had been weakened by rising oil prices and the subsequent reduction in such travel in the United States. The British conglomerate had accumulated large cash reserves from several divestitures in 1979, and had been seeking a major U.S. acquisition.

In petroleum, nearly one-half of total outlays were for the acquisition of an integrated U.S. petroleum company by a Canadian petroleum company's U.S. affiliate. The acquired company had

been a subsidiary of a U.S. conglomerate whose investments were mainly outside petroleum; the conglomerate's decision to sell its petroleum operations was part of a program to restructure its holdings and improve its cash position. Other outlays in petroleum were primarily to acquire U.S. firms engaged in oil and gas extraction.

Most of the remaining 1980 outlays were in financial industries—\$0.4 billion each in banking and insurance, and \$0.3 billion in finance, except banking. Two major investments resulted in acquisitions of minority interests in a U.S. bank, which was among the 16 largest in the Nation, and in a U.S. securities brokerage firm; two U.S. insurance companies and a U.S. commercial credit company were also acquired.

Country of foreign parent

Tables 4 and 5 show, respectively, *investors* and investment outlays by country of foreign parent; table 6 shows *investments* and investment outlays by country of foreign parent.⁷ (The foreign parent is the first foreign person in the ownership chain of the acquired or established U.S. business enterprise.)

In 1980, almost 60 percent of all investors were classified in developed countries; they accounted for more than 80 percent of investment outlays. Most of their outlays were to acquire existing enterprises, mainly by U.S. affiliates. Most of the outlays of investors classified in developing countries were to establish new enterprises—mainly real estate purchases—and were by foreign direct investors themselves.

Of the \$8.0 billion in outlays classified in developed countries, parents in four countries—the United Kingdom,

7. Where more than one investor participated in a given investment: (1) each investor—and its outlays—were classified by the country of each individual foreign parent, and (2) the investment—and total outlays associated with the investment—were classified by the country of the foreign parent with the largest equity interest in the U.S. business enterprise. In 1980, as in 1979, there were only a few investments with foreign parents in more than one country, and, in all these cases, outlays were small. The following discussion focuses on investors and outlays classified by the country of each foreign parent.

the Netherlands, Germany, and Canada—had by far the largest totals. Parents in the United Kingdom accounted for \$2.6 billion of outlays, almost all for acquisitions by their U.S. affiliates. The two largest 1980 transactions—the acquisitions of the U.S. tobacco company and the nationwide restaurant and hotel chain discussed above—were both by U.S. affiliates of British parents; together, they accounted for nearly one-half of all outlays associated with British parents. Most other outlays were in manufacturing and in finance, except banking. Within manufacturing, they were mainly in nonelectrical machinery, electric and electronic equipment, textiles and apparel, and paper.

Parents in the Netherlands accounted for \$1.6 billion of outlays. About \$1.0 billion of the total was in real estate, including \$0.3 billion for the three largest 1980 real estate investments mentioned above, and roughly \$0.5 billion for the nearly 100 investments by the U.S. affiliates of two Netherlands holding companies. Outside real estate, outlays accounted for by Netherlands parents were concentrated in manufacturing and banking.

Outlays accounted for by German parents were \$1.3 billion. About one-half of the total was in manufacturing; the largest outlays were in chemicals and cement. Outlays were over \$0.1 billion each in petroleum, mining (all in coal), and real estate.

Outlays accounted for by Canadian parents were \$1.2 billion. More than one-third of the total was in petroleum, almost all for a single acquisition. Another one-third was in manufacturing, mainly in food and nonelectrical machinery. Canadian parents were also active in real estate investments, which accounted for outlays of more than \$0.2 billion.

Foreign parents in the Netherlands Antilles accounted for outlays of \$1.2 billion—two-thirds of the total for all developing countries. Most of the outlays financed the nearly 400 investments in U.S. real estate by Netherlands Antillean parents.

Table 4.—Investors, by Country of Each Foreign Parent¹

	1979 ^a			1980 ^a		
	Total	Foreign direct investors	U.S. affiliates	Total	Foreign direct investors	U.S. affiliates
All countries.....	1,770	1,072	836	1,496	940	836
Developed countries.....	1,153	636	853	967	539	468
Canada.....	275	103	172	139	63	75
Europe.....	804	376	428	680	313	587
European Communities (b).....	700	329	371	685	257	528
Other Europe.....	104	47	56	95	56	59
Japan.....	61	85	26	40	21	19
Australia, New Zealand, and South Africa.....	13	4	9	9	2	7
Developing countries.....	617	436	45	531	401	96
Latin America.....	535	381	55	507	311	56
Other developing.....	82	55	10	24	30	34
Addendum: OPEC.....	19	15	4	25	18	9

^a Revised.^b Preliminary.

1. The foreign parent is the first foreign person in the ownership chain of the acquired or established U.S. business enterprise. Where more than one investor participated in a given investment, each investor is classified by the country of each individual foreign parent.

Table 5.—Investment Outlays, by Country of Each Foreign Parent¹

	1979 ^a					1980 ^a				
	Total	By type of investment		By type of investor		Total	By type of investment		By type of investor	
		Acquisitions	Establishments	Foreign direct investors	U.S. affiliates		Acquisitions	Establishments	Foreign direct investors	U.S. affiliates
All countries.....	11,317	11,189	2,153	3,448	11,676	9,865	8,128	1,738	3,151	6,711
Developed countries.....	11,175	11,043	1,123	1,975	11,199	8,028	7,325	794	1,683	6,344
Canada.....	858	869	270	243	616	1,322	1,122	104	391	851
Europe.....	11,088	11,207	779	1,639	10,358	6,545	6,003	545	1,407	5,136
European Communities (b).....	11,048	10,318	730	1,389	9,950	6,000	5,828	457	1,373	4,615
Belgium and Luxembourg.....	350	(b)	(b)	(b)	(b)	(b)	(b)	(b)	(b)	(b)
France.....	239	230	20	193	154	544	490	54	363	181
Germany.....	2,365	2,180	201	661	1,825	1,170	1,110	152	188	1,032
Italy.....	(b)	(b)	(b)	(b)	(b)	(b)	(b)	(b)	(b)	(b)
Netherlands.....	5,506	5,303	204	230	5,227	1,604	1,498	111	549	1,051
Denmark and Ireland.....	(b)	(b)	(b)	(b)	(b)	(b)	(b)	(b)	(b)	(b)
United Kingdom.....	2,484	2,211	240	290	2,162	2,573	2,446	128	137	2,436
Other Europe.....	938	969	40	239	100	458	260	78	188	272
Sweden.....	125	124	2	(b)	(b)	75	(b)	(b)	65	21
Switzerland.....	740	710	30	160	580	325	278	47	89	246
Other.....	73	65	15	(b)	(b)	41	(b)	(b)	34	12
Japan.....	266	(b)	(b)	(b)	(b)	223	169	55	(b)	(b)
Australia, New Zealand, and South Africa.....	75	(b)	(b)	(b)	(b)	32	32	(b)	(b)	(b)
Developing countries.....	2,142	1,104	1,035	1,465	677	1,839	801	1,038	1,271	565
Latin America.....	2,038	1,049	890	1,394	644	1,656	735	928	1,214	439
Panama.....	125	1	48	48	1	88	18	55	58	9
Bahamas.....	4	3	2	4	0	45	48	3	(b)	(b)
Bermuda and British Islands, Caribbean.....	110	49	80	(b)	(b)	260	178	75	121	130
Netherlands Antilles.....	1,735	892	892	1,165	508	1,245	493	755	961	237
Other.....	143	114	28	(b)	(b)	41	13	29	(b)	(b)
Other developing.....	103	55	45	71	25	180	66	120	67	129
Israel.....	(b)	(b)	(b)	(b)	(b)	(b)	(b)	(b)	(b)	(b)
Other Middle East.....	63	(b)	(b)	34	80	198	31	85	33	66
Other Africa, Asia, and Pacific.....	40	(b)	(b)	27	3	(b)	(b)	31	(b)	(b)
Addendum: OPEC.....	61	31	30	35	37	113	22	91	28	87

^a Revised.^b Preliminary.^c Less than \$500,000.^d Suppressed to avoid disclosure of data of individual companies.

1. The foreign parent is the first foreign person in the ownership chain of the acquired or established U.S. business enterprise. Where more than one investor participated in a given investment, each investor's outlays are classified by the country of each individual foreign parent.

Country of ultimate beneficial owner

In the previous section, each investor and its outlays were classified by country of foreign parent—the first foreign person in the ownership chain of the acquired or established U.S. business enterprise. Each foreign parent may be owned by other persons. The ultimate beneficial owner (UBO) is the person in the ownership chain, beginning with the foreign parent, that is not owned more than 50 percent by another person. The country of the UBO may be the same as that of the foreign parent, a different foreign country, or the United States. If the foreign parent is not owned more than 50 percent by another person, the foreign parent and the UBO are the same.

As shown in the table below, a UBO and its country were identified for the investments of most investors and for more than 90 percent of investment outlays in both 1979 and 1980. Over 16 percent of total outlays in 1980, and 10 percent in 1979, were for investments for which the UBO and foreign parent countries differed.

	Investors		Investment outlays (millions of dollars)	
	1979	1980	1979	1980
Total.....	1,770	1,498	15,317	8,965
Investments with UBO identified.....	1,515	1,182	14,323	8,946
Investments for which UBO and foreign parent countries differed.....	447	312	1,560	1,823

In table 7, distributions of investors and investment outlays by country of foreign parent are compared with those by country of UBO. Where the UBO could not be identified, countries of the foreign parent and of the UBO were assumed to be the same.

When data were classified by country of UBO, rather than by country of foreign parent, only the Netherlands; Bermuda and British Islands, Caribbean; and the Netherlands Antilles had lower outlays in 1980. (This was true in 1979 as well.) The largest differences were in the Netherlands (\$0.7 billion) and the Netherlands Antilles (\$0.5 bil-

Table 6.—Investments and Investment Outlays, by Country of Foreign Parent with Largest Investment¹

	1979 *		1980 *	
	Investments (number)	Investment outlays (millions of dollars)	Investments (number)	Investment outlays (millions of dollars)
All countries.....	1,548	15,317	1,373	8,965
Developed countries.....	1,443	12,893	778	8,934
Canada.....	189	874	135	1,228
Europe.....	749	11,960	610	6,541
European Communities (9).....	623	11,050	527	6,572
Other Europe.....	97	908	89	468
Japan.....	82	235	37	223
Australia, New Zealand, and South Africa.....	15	75	8	32
Developing countries.....	859	2,124	595	1,241
Latin America.....	829	2,030	525	1,054
Other developing.....	86	194	62	187
Addendum: OPEC.....	10	61	22	115

* Revised.

* Preliminary.

1. The foreign parent is the first foreign person in the ownership chain of the acquired or established U.S. business enterprise. Where more than one investor participated in a given investment, the investment and investment outlays are classified by the country of the foreign parent with the largest investment, i.e., the largest percent equity interest.

lion). Advantages to UBO's of holding their U.S. investments indirectly through these countries may include minimization of taxes, avoidance of regulatory constraint, and protection of privacy.

When classified by country of UBO, outlays were significantly higher for Canada, the United Kingdom, Switzerland, "other Middle East," and "other Africa, Asia, and Pacific." The largest differences were for Canada (mainly reflecting roughly 100 real estate investments made through Netherlands holding companies by two large Canadian real estate development companies) and for "other Africa, Asia, and Pacific" (reflecting a bank acquisition by Hong Kong interests, also through a Netherlands holding company).

The difference for "other Middle East" was accounted for by UBO's in member States of the Organization of Petroleum Exporting Countries (OPEC). Outlays by UBO's in all OPEC countries were \$239 million in 1980, down from \$324 million in 1979. In each year, they were 2 percent of outlays by all investors. Almost all OPEC outlays were to purchase real estate, including agricultural land.

Sources of financing

Investment outlays, disaggregated by U.S. and foreign sources of financing,

are shown in table 8. All funds are classified by the investor's immediate, rather than original, source. Thus, for example, "other funds from foreign direct investors" (which are funds supplied by foreign direct investors to U.S. affiliates making investments) may include funds that foreign direct investors originally generated internally or borrowed from unaffiliated foreign sources.

Foreign-source funds financed \$5.2 billion—nearly two-thirds—of total investment outlays. Foreign direct investors accounted for \$5.2 billion of the total—\$3.3 billion of funds supplied to U.S. affiliates making investments, and \$1.9 billion of internally generated funds of foreign direct investors making investments. Most of the remainder was borrowed from unaffiliated foreign sources.

U.S.-source funds financed \$3.7 billion of total investment outlays. Funds borrowed from unaffiliated U.S. persons were \$2.3 billion, of which \$0.4 billion were from U.S. sellers of shares and \$1.9 billion from other unaffiliated persons, primarily financial institutions. Outlays financed by internally generated funds of U.S. affiliates making investments were \$0.7 billion. Funds from affiliated U.S. persons (which, for a U.S. affiliate making an investment, are funds from other U.S. affiliates of its foreign parent), and

funds from "other U.S. sources" were each \$0.3 billion.

The percentage of total outlays financed by U.S.-source funds was much lower in 1980 than in 1979. However, the distribution of 1979 outlays by source of financing was greatly affected by the financing of the large 1979 petroleum acquisition previously mentioned. A sizable share of the outlays for that acquisition was financed with loans from unaffiliated U.S. sources. Excluding that acquisition, the shares of total outlays financed by U.S.- and foreign-source funds, and by each of the sources within U.S.- and foreign-source funds, were almost identical in the 2 years. Thus, significantly different economic conditions in 1980, including sharply

higher U.S. interest rates and slower economic growth in the United States and abroad, did not alter the pattern of financing of new foreign direct investments.

Table 9 shows investment outlays for acquisitions of incorporated U.S. business enterprises, disaggregated by the method used to acquire the ownership interests. Such outlays were \$5.4 billion, two-thirds of those for all acquisitions. (The remaining one-third involved acquisitions of unincorporated enterprises, including business segments and operating units of incorporated enterprises.)

Of the \$5.4 billion total, \$1.5 billion were outlays to acquire ownership interests in U.S. business enterprises di-

rectly from the enterprises. Almost all of the remainder were outlays to acquire ownership interests in enterprises from unaffiliated U.S. sources: \$1.4 billion by tender offer, less than \$0.1 billion through open market purchases, and \$2.2 billion from other U.S. sources, mainly private purchases of large blocks of stock.

Operations of Acquired or Established U.S. Business Enterprises

Two types of data on the operations of acquired or established U.S. business enterprises are presented in this section: (1) selected operating and financial data, such as assets, sales, and employment, disaggregated by industry of

Table 7.—Investors and Investment Outlays, by Country of Each Foreign Parent and by Country of Each Ultimate Beneficial Owner¹

	1979 ^a						1980 ^a					
	Investors			Investment outlays			Investors			Investment outlays		
	By country of foreign parent	By country of ultimate beneficial owner	Difference	By country of foreign parent	By country of ultimate beneficial owner	Difference	By country of foreign parent	By country of ultimate beneficial owner	Difference	By country of foreign parent	By country of ultimate beneficial owner	Difference
	Number			Millions of dollars			Number			Millions of dollars		
All countries.....	1,774	1,770	0	15,317	15,317	0	1,498	1,496	0	9,841	9,845	4
Developed countries.....	1,153	1,149	4	12,175	12,515	340	987	983	4	5,926	6,145	219
Canada.....	275	413	138	850	1,414	565	138	222	84	1,220	1,732	509
Europe.....	804	759	-45	11,000	11,796	-796	680	678	-2	6,548	6,157	-391
European Communities (6).....	300	297	-3	11,048	10,899	-149	285	287	2	6,094	5,542	-552
Belgium and Luxembourg.....	33	30	-3	350	354	4	18	24	6	(b)	(b)	0
France.....	43	45	2	259	257	-2	48	52	4	554	555	1
Germany.....	203	211	8	2,358	2,486	128	171	176	5	1,278	1,257	-21
Italy.....	4	5	1	(b)	(b)	0	2	5	3	(b)	(b)	0
Netherlands.....	283	124	-159	6,666	4,955	-1,711	201	114	-87	1,601	973	-628
Denmark and Ireland.....	2	7	5	(b)	(b)	0	1	1	0	6	5	-1
United Kingdom.....	149	166	17	2,490	2,531	41	148	167	19	2,573	2,096	-477
Other Europe.....	104	161	57	888	1,707	819	95	133	38	458	815	357
Sweden.....	16	16	0	135	125	-10	12	14	2	36	88	52
Switzerland.....	57	96	39	740	845	105	54	79	25	379	460	81
Other.....	91	49	-42	78	198	120	20	46	26	46	118	72
Japan.....	61	64	3	205	267	62	40	42	2	224	224	0
Australia, New Zealand, and South Africa.....	13	14	1	76	138	62	9	9	0	32	32	0
Developing countries.....	487	517	30	2,841	1,776	-1,065	511	563	52	3,914	1,716	-2,198
Latin America.....	576	400	-176	2,888	1,490	-1,398	587	422	-165	1,853	1,828	-25
Panama.....	28	44	16	47	35	-12	28	42	14	65	110	45
Bahamas.....	4	19	15	4	39	35	7	12	5	46	65	19
Bermuda and British Islands.....	49	29	-20	130	64	-66	56	49	-7	248	125	-123
Caribbean.....	470	242	-228	1,735	1,014	-721	455	253	-202	1,248	713	-535
Netherlands Antilles.....	24	45	21	142	203	61	30	76	46	41	115	74
Other.....	42	117	75	103	389	286	54	180	126	195	567	372
Israel.....	2	2	0	(b)	(b)	0	18	19	1	(b)	(b)	0
Other Middle East.....	16	60	44	88	239	151	18	61	43	106	219	113
Other Africa, Asia, and Pacific.....	22	65	43	68	99	31	30	60	30	(b)	(b)	0
United States.....	8	4	-4	0	25	25	8	1	-7	0	5	5
Additional OFEO.....	19	82	63	61	324	263	25	78	53	118	200	182

^a Revised.

^b Preliminary.

^c Less than \$500,000.

^d Suppressed to avoid disclosure of data of individual companies.

1. The foreign parent is the first foreign person in the ownership chain of the acquired or established U.S. business enterprise. The ultimate beneficial owner is that person in the ownership chain of the acquired or established U.S. business enterprise, beginning with the foreign parent, that is not owned more than 50 percent by another person. Where more than one investor participated in a given investment, each investor, and each investor's outlays, are classified by the country of each individual foreign parent or by the country of each individual ultimate beneficial owner.

Table 3.—Investment Outlays, by Source of Financing

(Millions of dollars)

		1979*					1980*				
		Total	By type of investment		By type of investor		Total	By type of investment		By type of investor	
			Acquisitions	Establishments	Foreign direct investors	U.S. affiliates		Acquisitions	Establishments	Foreign direct investors	U.S. affiliates
1	All sources of funds.....	15,317	13,189	2,128	3,440	11,874	9,845	8,128	1,739	2,184	4,711
2	U.S. sources, total.....	7,253	6,351	873	587	6,286	3,878	2,941	789	880	1,793
3	Internally generated funds of U.S. affiliates making investments.....	1,265	1,207	29	n.a.	1,235	666	529	67	n.a.	666
4	Funds from affiliated U.S. persons.....	812	763	51	2	800	237	273	54	37	350
5	Funds borrowed from unaffiliated U.S. persons, total.....	4,019	4,017	675	382	3,632	2,315	1,848	467	737	1,579
6	Funds from U.S. sellers of shares.....	317	317	n.a.	58	262	322	372	n.a.	38	342
7	Other.....	4,376	3,700	676	324	3,576	1,943	1,476	467	707	1,237
8	Other U.S. sources.....	483	385	87	192	382	525	214	121	116	215
9	Foreign sources, total.....	8,064	6,779	1,254	2,484	5,579	6,133	5,183	1,031	2,274	3,118
10	Internally generated funds of foreign direct investors making investments.....	1,837	914	923	1,837	n.a.	1,915	1,202	713	1,015	n.a.
11	Other funds from foreign direct investors.....	4,037	3,915	122	n.a.	4,037	3,319	3,123	197	n.a.	3,319
12	Funds borrowed from unaffiliated foreigners, total.....	1,583	1,530	153	449	1,133	821	797	64	243	578
13	Funds from foreign sellers of shares.....	34	34	n.a.	12	1	0	0	n.a.	0	0
14	Other.....	1,060	1,016	153	437	1,032	821	737	64	243	578
15	Other foreign sources.....	207	120	85	102	135	135	51	57	116	22
16	Addenda: Funds from affiliated U.S. persons that were originally borrowed from unaffiliated U.S. persons (part of line 4).....	203	204	(*)	n.a.	202	212	210	2	n.a.	212
17	Funds from foreign direct investors that were originally borrowed from unaffiliated U.S. persons (part of line 11).....	212	213	0	n.a.	213	60	60	0	n.a.	60

* Revised.

* Preliminary.

n.a. Not applicable.

* Less than \$500,000.

1. Funds supplied by foreign direct investors to U.S. affiliates making investments.

U.S. business enterprise and by country of foreign parent; and (2) data on land and mineral rights owned and leased, and the gross book value of land and plant and equipment, disaggregated by primary use. Unlike the data on investment outlays, which relate only to the equity interests obtained as a result of the investment transactions, these data cover the total operations of the acquired or established enterprise.

For acquired enterprises, data are for (or as of the end of) the full year preceding the year of acquisition; for newly established enterprises, they are projections for (or as of the end of) the first full year of operation. To show the size of all U.S. business enterprises acquired or established in the year, data on total assets of both are aggregated and discussed first, without regard to this difference in coverage. Data for acquisitions and establishments are then presented and discussed separately.

Total assets of all U.S. business enterprises acquired or established in 1980 were \$40.5 billion (table 10). Nearly one-half—\$19.4 billion—was in banking. (Four-fifths of the banking total were assets of the large U.S. bank acquired by a Netherlands parent whose

UBO is in Hong Kong.) Most of the remaining assets were in manufacturing (\$6.6 billion), finance, except banking (\$4.9 billion), and real estate (\$4.1 billion).

By country of foreign parent, assets, like investment outlays, were concentrated in developed countries. Assets of enterprises with parents in the Netherlands were the largest, at \$17.8 billion. They were concentrated in banking and real estate; most were assets of enter-

prises with UBO's in other countries. Assets of enterprises with Canadian parents were \$5.7 billion. More than one-half were in finance, except banking, mainly the assets of an acquired securities brokerage firm.

Enterprises with British parents had assets of \$5.2 billion. Of the total, \$2.2 billion was in manufacturing—by far the largest amount in manufacturing of all the countries or country groups shown in the table. Remaining assets

Table 9.—Investment Outlays for Acquisitions of Incorporated U.S. Business Enterprises, by Method of Acquiring Ownership Interests

(Millions of dollars)

	1979*			1980*		
	Total	By type of investor		Total	By type of investor	
		Foreign direct investors	U.S. affiliates		Foreign direct investors	U.S. affiliates
All methods.....	19,457	1,134	9,224	5,442	1,135	4,308
Directly from acquired U.S. business enterprises.....	470	260	221	1,494	818	676
From affiliated U.S. persons.....	(*)	(*)	(*)	0	0	0
From other U.S. persons, total.....	9,478	668	8,788	3,581	435	3,146
On open market.....	105	64	41	35	15	22
By tender offer.....	2,240	135	2,107	1,350	236	1,115
Other.....	7,133	469	6,664	2,195	185	2,011
From foreign persons.....	224	101	123	111	(*)	(*)
Other.....	(*)	26	64	255	(*)	(*)

* Revised.

* Preliminary.

* Less than \$500,000.

* Suppressed to avoid disclosure of data of individual companies.

were concentrated in banking; finance, except banking; and retail trade.

About one-half of the \$2.9 billion of assets of enterprises with French parents were in manufacturing, mainly in autos; assets in banking and finance, except banking were also large. Assets of enterprises with German parents, at \$1.6 billion, were also concentrated in manufacturing, while those of enterprises with Swiss parents, at \$2.0 billion, were concentrated in banking and insurance.

Of the \$4.3 billion of assets for all developing countries combined, more than one-half were assets of enterprises with parents in the Netherlands Antilles. Enterprises with parents in OPEC countries had assets of \$0.5 billion. More than one-half were assets of a U.S. wholesale trade company that was previously owned by a U.S. petroleum company with operations in the Middle East. The wholesale trade company purchased and shipped U.S. parts, equipment, and engineering services to the Middle East operations. In 1980, the U.S. petroleum company transferred its oil production facilities and most of its refinery facilities in the Middle East to the host government. In conjunction with this transfer, the host government acquired the U.S. wholesale trade company. Most of the other assets of U.S. enterprises with OPEC parents were in real estate and in agriculture and forestry, largely reflecting purchases of U.S. land.

Total assets of all acquired or newly established enterprises were \$3.8 billion higher in 1980 than in 1979. By industry, they were concentrated more in banking and in finance, except banking, and less in petroleum, manufacturing, retail trade, and insurance.

The year-to-year increase in total assets occurred despite a decrease in investment outlays. For acquisitions, the relationship between total assets and investment outlays depends on several factors. For an acquisition of 100 percent of an enterprise, the cost of acquisition (i.e., investment outlays) is usually substantially less than the enterprise's total assets, because the purchaser is acquiring, and paying for, equity. Equity is equivalent to net assets

(assets less liabilities), not total assets. Where less than 100 percent ownership is acquired, cost will be even smaller relative to total assets because it reflects only the portion of net assets acquired. In addition, for both acquired and newly established enterprises, differences may exist between the market value of the enterprise and the value carried on its books.

The increase in total assets from 1979 to 1980, despite the decrease in investment outlays, was mainly due to acquisitions in banking. In 1979, outlays to acquire banks were \$0.9 billion, and the banks had total assets of \$18.1 billion; in 1980, the comparable figures were \$0.4 billion and \$19.4 billion, respectively. (For banks, assets and liabilities reflect substantial loans and deposits that arise in the normal course of their business; thus, the difference between their total assets and net assets can be very large.) Contributing to the wider difference between outlays and assets in 1980 was the fact that, in 1979, almost all of the outlays and assets in banking were associated with acquisitions of equity interests of 75 percent or more; in 1980, on the other hand, the largest bank acquisition, which accounted for about one-half of outlays and 80 percent of assets in banking, was for a less-than 50-percent equity interest.⁸

Outside banking as well, acquisitions of majority equity interests (interests of larger than 50 percent) accounted for much larger shares of outlays for, and assets of, all acquisitions in 1979 than in 1980, as shown in the table below. In

particular, acquisitions of 100-percent equity interests accounted for much larger shares of both outlays and assets in 1979.

Acquisitions

U.S. business enterprises acquired in 1980 had assets of \$37.0 billion, more than 90 percent of the total for all acquired or established enterprises (table 11). Because assets of acquired enterprises accounted for such a large share of the total, their distributions by industry and by country of foreign parent are similar to those discussed above. By industry, assets were concentrated in banking (\$19.1 billion), manufacturing (\$6.3 billion), and finance, except banking (less than \$5.0 billion). Within manufacturing, total assets were largest in "other" manufacturing—mainly in autos and tobacco—and in nonelectrical machinery. By country of foreign parent, total assets were heavily concentrated in enterprises with parents in developed countries, mainly in the Netherlands, Canada, and the United Kingdom.

Enterprises acquired in 1980 had plant and equipment (P&E), net of accumulated depreciation, of \$3.9 billion. Net P&E accounted for only 11 percent of total assets because a large share of the latter was accounted for by financial assets of acquired banking, other finance, and insurance companies. By industry, net P&E was concentrated in manufacturing, real estate, and retail trade. By country of foreign parent, it was concentrated in the United Kingdom, Canada, France, Germany, the Netherlands, and the Netherlands Antilles.

Net sales (or gross operating revenues) of acquired U.S. business enterprises were \$21.0 billion; about one-half of the total was in manufacturing. Acquired enterprises in wholesale trade, retail trade, banking, and "other" industries had sales of about \$2.0 billion each. Net income was \$0.7 billion, just over 3 percent of sales. As in 1979, many of the acquired enterprises had losses. This reflected the fact that firms in

(Shares of investment outlays for, and total assets of, acquisitions outside banking, by percentage of equity acquired)

	Percentage of total			
	Investment outlays		Total assets	
	1979	1980	1979	1980
All nonbank acquisitions.....	100	100	100	100
Acquisitions of minority equity interests.....	5	11	27	53
Acquisitions of majority equity interests.....	94	89	73	47
Of which: Acquisitions of 100-percent equity interests.....	32	73	63	33

8. Before the end of 1980, the foreign parent acquired sufficient additional equity in the U.S. bank to give it a controlling interest. Outlays associated with that transaction are not included in these data because they were to acquire an addi-

tional equity interest, rather than an initial interest of 10 percent or more, in the U.S. business enterprise.

Table 10.—Total Assets of U.S. Business Enterprises Acquired or Established in 1979 and 1980, Country of Foreign Parent With Largest Investment by Industry of U.S. Business Enterprise¹

	[Millions of dollars]											
	All industries	Agriculture and forestry	Mining	Petroleum	Manufacturing	Wholesale trade	Retail trade	Banking	Finance, except banking	Insurance	Real estate	Other
1979 ^a												
All countries.....	30,637	170	487	4,339	7,431	753	2,964	12,141	1,414	2,496	4,354	873
Developed countries.....	33,765	87	(b)	4,304	6,531	735	(b)	12,395	1,497	2,494	2,812	753
Canada.....	1,545	(b)	(b)	(b)	290	31	41	8	(b)	(b)	744	134
Europe.....	31,354	70	48	4,128	5,851	644	(b)	(b)	(b)	(b)	2,099	584
European Communities (8).....	28,080	60	48	4,128	4,925	574	1,347	(b)	(b)	(b)	1,965	530
Belgium and Luxembourg.....	192	(b)	(b)	(b)	275	(b)	0	0	(b)	0	10	1
France.....	1,585	3	0	2	1,064	(b)	0	0	(b)	0	11	194
Germany.....	5,286	23	1	(b)	1,854	195	(b)	0	(b)	0	311	(b)
Italy.....	(b)	0	0	0	0	1	0	0	0	0	0	0
Netherlands.....	7,391	(b)	1	3,593	(b)	59	4	(b)	(b)	(b)	1,183	22
Denmark and Ireland.....	(b)	0	0	0	0	0	0	0	(b)	0	0	(b)
United Kingdom.....	12,941	13	(b)	119	1,160	285	54	(b)	(b)	(b)	671	91
Other Europe.....	2,288	11	0	0	325	70	(b)	(b)	0	(b)	34	54
Sweden.....	(b)	0	0	0	(b)	(b)	0	0	0	0	0	19
Switzerland.....	1,844	2	0	0	724	49	(b)	(b)	(b)	(b)	15	42
Other.....	(b)	0	0	0	(b)	(b)	0	(b)	0	0	18	2
Japan.....	738	(b)	0	(b)	323	65	(b)	8	(b)	3	34	(b)
Australia, New Zealand, and South Africa.....	151	0	0	0	64	5	2	(b)	(b)	0	2	(b)
Developing countries.....	2,961	20	(b)	35	700	26	(b)	396	7	2	1,438	129
Latin America.....	2,649	20	(b)	33	(b)	20	(b)	291	7	5	1,378	(b)
Panama.....	68	0	0	0	0	0	0	0	0	0	55	12
Bahamas.....	4	0	0	0	0	0	0	0	0	0	2	0
Bermuda and British Islands, Caribbean.....	140	0	(b)	3	18	(b)	(b)	0	0	0	76	(b)
Netherlands Antilles.....	2,070	13	(b)	38	541	(b)	0	0	4	0	1,222	73
Other.....	385	1	(b)	0	(b)	1	0	201	0	0	14	0
Other developing.....	312	0	0	2	(b)	0	1	105	0	0	89	(b)
Israel.....	1	0	0	0	0	0	0	0	0	0	1	0
Other Middle East.....	77	0	0	2	(b)	0	1	0	0	0	42	(b)
Other Africa, Asia, and Pacific.....	120	0	0	0	4	0	0	105	0	0	24	0
Addendum: OPEC.....	76	1	0	2	(b)	0	1	0	0	0	43	(b)
1980 ^a												
All countries.....	46,488	315	388	6,643	10,800	1,022	19,431	4,843	943	4,136	1,337	
Developed countries.....	39,210	125	300	6,604	8,934	(b)	337	19,442	(b)	(b)	2,848	1,193
Canada.....	5,659	0	(b)	(b)	895	0	(b)	(b)	(b)	(b)	905	124
Europe.....	30,908	124	294	6,189	8,839	(b)	(b)	(b)	(b)	530	2,031	1,060
European Communities (9).....	27,622	103	(b)	188	4,851	341	712	17,098	(b)	(b)	1,934	1,048
Belgium and Luxembourg.....	(b)	(b)	1	1	(b)	2	(b)	0	(b)	1	16	0
France.....	2,959	21	0	0	(b)	11	(b)	(b)	(b)	0	5	(b)
Germany.....	1,872	37	(b)	(b)	893	(b)	(b)	0	(b)	0	135	(b)
Italy.....	(b)	0	0	0	(b)	0	0	0	1	0	0	0
Netherlands.....	17,347	(b)	(b)	0	278	0	20	15,724	1	0	1,594	80
Denmark and Ireland.....	0	0	0	0	0	0	0	0	0	0	0	0
United Kingdom.....	5,183	18	(b)	(b)	2,223	(b)	(b)	(b)	(b)	(b)	94	95
Other Europe.....	2,488	22	(b)	(b)	338	138	(b)	(b)	(b)	(b)	87	13
Sweden.....	275	0	0	0	(b)	(b)	0	(b)	0	(b)	2	(b)
Switzerland.....	1,865	15	0	(b)	(b)	23	(b)	(b)	(b)	(b)	30	(b)
Other.....	168	7	(b)	1	15	(b)	0	(b)	0	(b)	15	0
Japan.....	390	(*)	0	0	172	(b)	0	(*)	(b)	0	(b)	(b)
Australia, New Zealand, and South Africa.....	72	(*)	(b)	0	18	0	0	0	0	0	(b)	(b)
Developing countries.....	4,357	194	0	41	866	(b)	95	789	(b)	(b)	1,582	125
Latin America.....	3,393	(b)	0	41	(b)	28	(b)	445	(b)	(b)	1,444	(b)
Panama.....	163	(b)	0	0	0	0	0	0	0	0	(b)	0
Bahamas.....	(b)	2	0	0	0	0	0	0	0	0	23	0
Bermuda and British Islands, Caribbean.....	443	0	0	15	(b)	(b)	61	(b)	2	0	121	(b)
Netherlands Antilles.....	2,255	85	0	25	(b)	(b)	7	(b)	0	(b)	1,165	24
Other.....	(b)	0	0	0	(b)	0	0	(b)	0	(b)	(b)	1
Other developing.....	955	(b)	0	0	(b)	(b)	0	345	(b)	0	128	(b)
Israel.....	(b)	0	0	0	(b)	0	0	(b)	0	0	1	0
Other Middle East.....	485	(b)	0	0	0	(b)	0	(b)	0	0	52	(b)
Other Africa, Asia, and Pacific.....	(b)	1	0	0	0	0	0	(b)	0	0	44	2
Addendum: OPEC.....	467	(b)	0	0	0	(b)	0	0	(*)	0	34	(b)

^a Revised.^b Preliminary.^c Less than \$50,000.^d Suppressed to avoid disclosure of data of individual companies.¹ The foreign parent is the first foreign person in the ownership chain of the acquired or established U.S. business enterprise. Where more than one investor participated in a given investment, total assets of the acquired or established U.S. business enterprise are classified by the country of the foreign parent with the largest investment, i.e., the largest percent equity interest.

Table 11.—Selected Operating Data of U.S. Business Enterprises Acquired in 1979 and 1980, by Industry of U.S. Business Enterprise and by Country of Foreign Parent with Largest Investment¹

	1979*						1980*					
	Total assets	Plant and equipment, net	Sales ¹	Net income	Em- ployes compensation	Em- ployment	Total assets	Plant and equipment, net	Sales ¹	Net income	Em- ployes compensation	Em- ployment
	Millions of dollars					Number	Millions of dollars					Number
Total.....	31,351	4,472	28,772	518	4,387	214,849	35,968	1,836	24,035	697	4,204	229,886
By industry												
Agriculture and forestry.....	67	18	25	-1	3	414	81	6	7	1	1	64
Mining.....	(D)	46	61	3	31	1,834	(D)	56	182	-2	14	917
Petroleum.....	4,134	280	484	89	57	3,163	545	240	(D)	(D)	59	4,604
Manufacturing.....	9,212	1,739	9,205	284	2,410	142,062	9,329	1,685	10,802	287	2,469	196,893
Food and kindred products.....	437	144	1,061	10	113	7,625	410	82	918	55	120	8,006
Paper and allied products.....	(D)	(D)	(D)	1	(D)	(D)	(D)	(D)	(D)	(D)	(D)	(D)
Chemicals and allied products.....	437	128	680	40	124	7,722	180	47	598	5	48	2,340
Industrial.....	100	63	348	23	61	3,480	80	20	168	6	57	1,130
Drugs.....	112	27	124	11	27	2,150	18	(D)	30	-3	5	258
Other.....	125	38	208	12	36	2,072	42	(D)	70	3	16	963
Primary metal industries.....	180	88	271	0	64	3,209	313	68	627	23	111	5,927
Fabricated metal products.....	448	262	845	13	219	13,753	131	48	327	9	62	2,830
Machinery, except electrical.....	674	108	897	81	290	17,540	1,035	173	1,031	-20	303	16,838
Electric and electronic equipment.....	784	306	1,108	7	349	22,223	822	70	488	30	154	10,220
Other.....	(D)	(D)	(D)	184	(D)	(D)	(D)	(D)	(D)	(D)	(D)	(D)
Wholesale trade.....	504	72	1,081	15	110	7,588	522	102	2,000	30	220	13,369
Motor vehicles and equipment.....	91	(D)	164	3	22	(D)	98	7	(D)	1	9	461
Metals and minerals.....	123	(D)	213	0	14	825	(D)	(D)	(D)	(D)	1	(D)
Farm product raw materials.....	0	0	0	0	0	0	0	(D)	65	-3	1	(D)
Other.....	311	40	675	5	72	(D)	(D)	94	1,714	30	306	13,834
Retail trade.....	2,800	702	9,041	-60	1,304	161,242	1,003	493	2,245	79	420	67,339
Banking.....	12,792	(D)	843	04	181	12,233	10,084	160	1,090	61	308	12,447
Finance, except banking.....	1,284	(D)	210	23	(D)	(D)	(D)	(D)	(D)	36	(D)	(D)
Insurance.....	2,672	(D)	580	01	40	(D)	764	20	306	23	43	2,863
Real estate and combined effect.....	2,237	1,140	580	27	(D)	(D)	2,405	451	489	46	79	1,772
Other.....	(D)	328	1,512	21	506	26,729	(D)	(D)	1,674	(D)	(D)	(D)
By country												
Developed countries.....	41,086	5,980	22,828	486	4,627	226,187	34,418	1,484	18,622	837	1,735	236,744
Canada.....	683	300	1,010	26	293	16,295	6,498	468	2,335	147	587	34,869
Europe.....	20,347	2,579	20,794	446	4,100	280,631	28,104	2,808	15,632	471	8,134	196,785
European Communities (9).....	26,150	3,268	18,048	286	3,706	227,528	26,741	1,789	14,618	430	2,945	175,806
Belgium and Luxembourg.....	(D)	(D)	(D)	18	(D)	(D)	(D)	31	(D)	4	(D)	(D)
France.....	1,471	404	3,878	82	592	23,508	2,790	988	4,386	131	428	49,181
Germany.....	4,785	1,234	11,178	77	2,121	124,038	1,221	421	(D)	(D)	428	(D)
Italy.....	0	0	0	0	0	0	(D)	(D)	(D)	(D)	(D)	(D)
Netherlands.....	7,028	785	1,344	114	200	14,787	17,460	781	2,322	70	(D)	20,190
Denmark and Ireland.....	(D)	(D)	(D)	-7	(D)	(D)	0	0	0	0	0	0
United Kingdom.....	13,194	813	3,187	150	629	65,189	4,942	1,106	5,241	237	1,135	84,947
Other Europe.....	2,185	297	1,888	69	485	22,103	1,883	139	1,014	41	310	15,127
Sweden.....	190	(D)	371	1	77	(D)	286	(D)	424	20	111	7,924
Switzerland.....	(D)	169	1,282	(D)	354	22,120	1,636	63	431	24	81	6,248
Other.....	(D)	(D)	224	(D)	54	(D)	183	(D)	150	-4	18	845
Japan.....	(D)	79	474	9	58	3,107	147	48	152	15	37	2,754
Australia, New Zealand, and South Africa.....	(D)	40	100	7	68	6,573	71	34	23	2	6	587
Developing countries.....	2,261	482	1,263	30	296	15,261	2,636	543	2,393	89	419	53,864
Latin America.....	1,342	482	1,239	30	284	15,123	1,686	437	1,369	82	325	28,214
Panama.....	1	1	(D)	0	0	0	13	(D)	(D)	(D)	0	0
Bahamas.....	(D)	(D)	(D)	0	0	0	(D)	(D)	(D)	2	2	(D)
Bermuda and British Islands, Caribbean.....	61	(D)	28	(D)	(D)	(D)	115	228	4	40	4,406	
Netherlands Antilles.....	1,484	403	1,111	(D)	280	14,910	1,283	264	946	45	287	21,414
Other.....	123	(D)	89	(D)	(D)	(D)	(D)	1	(D)	1	(D)	(D)
Other developing.....	108	22	24	(D)	6	248	731	60	1,304	8	84	5,530
Israel.....	(D)	0	0	0	0	0	(D)	(D)	(D)	3	(D)	(D)
Other Middle East.....	(D)	(D)	(D)	(D)	5	(D)	(D)	25	(D)	3	(D)	(D)
Other Africa, Asia, and Pacific.....	(D)	(D)	(D)	(D)	1	(D)	(D)	(D)	(D)	2	6	(D)
Addendum:												
OPEC.....	43	(D)	16	(D)	5	165	541	24	(D)	3	(D)	(D)

* Revised.

* Preliminary.

* Less than \$500,000.

* Suppressed to avoid disclosure of data of individual companies.

1. The foreign parent is the first foreign person in the ownership chain of the acquired U.S. business enterprise. Where more than one investor participated in a given investment, data for the acquired U.S. business enterprises are classified by the country of the foreign parent with the largest investment, i.e., the largest percent equity interest.

2. Sales or gross operating revenues, excluding sales taxes.

Table 12.—Acres of Land and Mineral Rights, and the Gross Book Value of Land and Plant and Equipment, of U.S. Business Enterprises Acquired in 1979 and 1980, by Primary Use

	1979 *					1980 *				
	Acres of land owned	Acres of mineral rights owned	Acres of land and mineral rights leased	Gross book value of land	Gross book value of plant and equipment	Acres of land owned	Acres of mineral rights owned	Acres of land and mineral rights leased	Gross book value of land	Gross book value of plant and equipment
	Number			Millions of dollars		Number			Millions of dollars	
Total	250,389	7,039	(D)	4,887	6,432	1,628,793	(D)	380,063	1,264	5,716
Agricultural.....	116,664	0	(D)	188	205	81,087	0	482	86	11
Timberland.....	(D)	0	0	3	0	(D)	0	0	21	0
Crude petroleum and natural gas.....	8,844	679	(D)	3,479	185	0	(D)	315,783	0	80
Coal.....	2,810	2,790	(D)	4	(D)	(D)	4,878	(D)	(D)	(D)
Uranium and other energy resources.....	0	0	0	0	0	0	0	0	0	0
Other natural resources.....	18,451	3,656	1,201	28	111	6,820	0	(D)	8	45
Petroleum refining and related products.....	60	0	10	1	(D)	640	0	0	(D)	(D)
Other industrial.....	18,752	0	888	181	2,708	(D)	0	648	121	2,878
Transient lodging and recreational facilities.....	2,328	0	67	12	79	1,411	0	22	26	144
Other residential.....	7,100	0	87	305	577	11,028	0	38	812	314
Other commercial and business.....	7,970	0	4,150	328	2,064	16,110	0	575	867	1,064
Unimproved land held for investment.....	20,025	0	(D)	247	3	(D)	0	16	31.5	4
Other.....	(D)	0	8	25	66	226	0	20	0	62

* Revised.

* Preliminary.

D Suppressed to avoid disclosure of data of individual companies.

weak financial condition, with presumably depressed market values, are attractive to potential buyers who believe that profitability can be substantially improved after the takeover.

Acquired enterprises employed 261,000 workers in 1980, and paid employee compensation of \$4.2 billion. More than one-half of both the employment and compensation were in manufacturing—mainly in nonelectrical machinery, electric and electronic equipment, and “other.” Outside manufacturing, the largest employment was in retail trade.

Acquired enterprises owned 1,878,000 acres of land; nearly 90 percent of the total was timberland, almost all of which was held by the major paper manufacturer acquired in 1980 (table 12). Land used for agriculture totaled 61,000 acres. Most of the remaining land was used for coal mining, or “other industrial” purposes, mainly manufacturing, or was unimproved land held for investment. Acquired enterprises also owned about 20,000 acres of mineral rights, and leased 890,000 acres of land and mineral rights; both the mineral rights owned and the land and mineral rights leased were primarily used for

extraction of crude petroleum and natural gas.

The gross book value of property was \$1.3 billion. Unimproved land held for resale, residential property other than for transient lodging, and property for “other commercial and business” uses (mainly office buildings, warehouses, and shopping centers) each accounted for about \$0.3 billion. The gross book value of P&E, at \$5.7 billion, was primarily for “other industrial” and “other commercial and business” uses.

Establishments

Assets of U.S. business enterprises established by foreign direct investors or their U.S. affiliates in 1980 were \$3.5 billion (table 13). About one-half of the total was in real estate. Assets were large in manufacturing, banking, and finance, except banking. Within manufacturing, they were largest in nonelectrical machinery and in “other,” mainly in instruments.

By country of foreign parent, assets of established enterprises were split almost evenly between parents in de-

veloped and developing countries, largely reflecting the country distribution of real estate investments.

Net P&E was \$0.6 billion and was heavily concentrated in real estate. Sales or net revenues were \$0.7 billion, and were mainly in manufacturing, wholesale trade, and real estate. Small net losses were concentrated in manufacturing. Employment of established enterprises was 6,000, and employee compensation was \$0.1 billion; both were concentrated in manufacturing and “other” industries.

Newly established U.S. business enterprises owned 322,000 acres of U.S. land (table 14). About one-half of the land was used for agricultural purposes; most of the remainder was timberland. Establishments leased 121,000 acres of land and mineral rights, almost all of which was used for extraction of crude petroleum and natural gas. The gross book value of property was \$1.1 billion; the property was largely unimproved land held for investment or was for agricultural and “other commercial and business” uses. The gross book value of P&E, which was mainly for “other commercial and business” uses, was \$0.7 billion.

Table 13.—Selected Operating Data of U.S. Business Enterprises Established in 1979 and 1980, by Industry of U.S. Business Enterprise and by Country of Foreign Parent with Largest Investment¹

	1979 ^a						1980 ^a					
	Total assets	Plant and equipment, net	Sales ²	Net income	Employee compensation	Employment	Total assets	Plant and equipment, net	Sales ²	Net income	Employee compensation	Employment
	Millions of dollars					Number	Millions of dollars					Number
Total.....	4,378	1,218	1,594	14	275	36,467	8,517	567	636	-23	196	5,773
By industry												
Agriculture and forestry.....	109	12	17	1	2	209	237	17	8	(*)	1	113
Mining.....	(b)	(b)	(b)	(*)	6	(b)	(b)	(b)	(b)	(*)	2	(b)
Petroleum.....	105	39	(b)	(*)	6	263	86	(b)	11	-6	1	(b)
Manufacturing.....	1,016	275	806	20	227	11,118	314	49	243	-17	60	2,673
Food and kindred products.....	57	(b)	(b)	(*)	1	(b)	(b)	(b)	(b)	0	0	(b)
Paper and allied products.....	2	1	0	(*)	(b)	4	(b)	(b)	0	0	(*)	(b)
Chemicals and allied products.....	197	38	(b)	-1	11	(b)	4	3	(b)	-2	3	(b)
Industrial.....	(b)	(b)	0	0	(b)	(b)	(b)	0	0	-1	1	(b)
Drugs.....	(b)	(b)	(b)	0	(b)	(b)	(b)	(b)	(b)	-1	1	(b)
Other.....	(b)	16	(b)	-4	2	(b)	1	1	1	-1	1	(b)
Primary metal industries.....	84	27	27	-6	3	274	(b)	0	0	0	0	(b)
Fabricated metal products.....	335	98	335	(b)	(b)	(b)	(b)	(b)	(b)	-1	1	(b)
Machinery, except electrical.....	44	10	41	3	11	224	33	2	(b)	(b)	(b)	(b)
Electric and electronic equipment.....	101	(b)	(b)	(b)	(b)	(b)	(b)	(b)	(b)	-2	5	297
Other.....	208	(b)	118	-8	20	1,740	179	22	138	(b)	(b)	1,227
Wholesale trade.....	212	25	383	-21	14	945	57	1	158	-2	5	248
Motor vehicles and equipment.....	8	0	0	0	0	0	(b)	1	1	-4	4	(b)
Metals and minerals.....	(b)	(b)	(b)	(b)	1	(b)	0	0	0	0	0	(b)
Farm product raw materials.....	(b)	(b)	(b)	(b)	(b)	(b)	(b)	(b)	(b)	0	0	(b)
Other.....	215	(b)	(b)	-21	13	945	(b)	(b)	(b)	1	2	(b)
Retail trade.....	84	18	(b)	1	(b)	(b)	29	6	34	2	4	(b)
Banking.....	346	1	16	2	3	101	325	2	18	1	3	117
Finance, except banking.....	110	0	(b)	1	(*)	(b)	(b)	(*)	(b)	1	(*)	(b)
Insurance.....	23	0	(b)	2	1	(b)	178	0	(b)	1	0	0
Real estate and combined offices.....	2,812	767	708	2	8	838	1,632	483	98	-3	4	228
Other.....	(b)	(b)	10	-2	(b)	785	(b)	45	75	1	25	1,748
By country												
Developed countries.....	2,785	750	1,283	20	297	15,243	1,787	925	580	-19	92	4,581
Canada.....	562	214	188	8	(b)	2,176	189	26	33	2	7	897
Europe.....	2,007	485	905	28	189	10,406	1,266	163	315	-9	89	2,813
European Communities (b):	1,908	465	926	24	163	9,832	881	148	325	-11	86	2,636
Belgium and Luxembourg.....	(b)	38	32	2	(b)	(b)	13	1	(b)	-2	0	(b)
France.....	114	44	(b)	-5	(b)	1,107	90	8	(b)	-2	20	239
Germany.....	468	104	125	-4	18	1,614	381	34	100	-8	20	1,394
Italy.....	(b)	(b)	(b)	(b)	(b)	(b)	0	0	0	0	0	(b)
Netherlands.....	283	145	88	2	3	217	157	43	30	2	5	297
Denmark and Ireland.....	3	0	0	-1	0	0	0	0	0	0	0	(b)
United Kingdom.....	644	182	581	31	185	8,120	220	55	(b)	(b)	(b)	521
Other Europe.....	89	20	65	2	7	634	475	22	90	2	4	178
Sweden.....	(b)	2	(b)	2	4	(b)	10	(b)	5	(b)	(b)	(b)
Switzerland.....	(b)	18	(b)	1	2	103	429	14	(b)	1	1	(b)
Other.....	(b)	8	6	(b)	1	(b)	38	8	(b)	1	2	(b)
Japan.....	(b)	49	38	-18	(b)	(b)	343	6	242	-11	27	1,677
Australia, New Zealand, and South Africa.....	(b)	2	4	(b)	1	(b)	(b)	0	0	0	0	0
Developing countries.....	1,518	468	309	-5	28	2,244	1,719	401	106	-4	24	1,147
Latin America.....	1,407	457	(b)	-8	27	2,141	1,495	353	91	-4	11	916
Panama.....	67	15	4	-1	1	285	90	5	2	(b)	(b)	33
Bahamas.....	4	0	0	(b)	(b)	2	(b)	(b)	1	(b)	(b)	(b)
Bermuda and British Islands, Caribbean.....	79	10	34	-1	(b)	337	(b)	(b)	2	(b)	(b)	(b)
Netherlands Antilles.....	1,014	497	175	-8	8	813	1,002	217	95	-1	7	764
Other.....	248	26	(b)	(b)	(b)	923	(b)	(b)	18	2	2	(b)
Other developing.....	104	11	(b)	3	1	103	224	48	15	(b)	(b)	230
Israel.....	1	1	(b)	(b)	0	(b)	(b)	1	1	(b)	(b)	(b)
Other Middle East.....	(b)	5	(b)	2	(b)	(b)	(b)	(b)	(b)	(b)	(b)	(b)
Other Africa, Asia, and Pacific.....	(b)	5	(b)	1	1	(b)	(b)	(b)	14	(b)	(b)	(b)
Ad hoc.....												
OPEC.....	32	5	5	2	(b)	43	146	(b)	1	-1	(b)	27

^a Revised.^b Preliminary.^c Less than \$100,000.^d Suppressed to avoid disclosure of data of individual companies.

1. The foreign parent is the first foreign person in the ownership chain of the established U.S. business enterprise. Where more than one investor participated in a given investment, data for the established U.S. business enterprise are classified by the country of the foreign parent with the largest investment, i.e., the largest parent equity interest.

2. Sales or gross operating revenue, including sales taxes.

Table 14.—Acres of Land and Mineral Rights, and the Gross Book Value of Land and Plant and Equipment, of U.S. Business Enterprises Established in 1979 and 1980, by Primary Use

	1979 *					1980 *				
	Acres of land owned	Acres of mineral rights owned	Acres of land and mineral rights leased	Gross book value of land	Gross book value of plant and equipment	Acres of land owned	Acres of mineral rights owned	Acres of land and mineral rights leased	Gross book value of land	Gross book value of plant and equipment
	Number			Millions of dollars		Number			Millions of dollars	
Total	432,343	(P)	762,788	1,184	1,314	322,329	0	128,588	1,104	572
Agricultural	217,594	0	(P)	188	13	140,054	0	1,440	218	19
Timberland	29,666	0	0	28	1	121,124	0	0	68	0
Crude petroleum and natural gas	15	2,540	696,242	(P)	(P)	0	0	118,323	0	8
Coal	14,562	(P)	(P)	0	(P)	(P)	0	0	0	0
Uranium and other energy resources	0	0	0	0	0	0	0	0	0	0
Other natural resources	3,875	0	(P)	0	(P)	0	0	0	0	0
Petroleum refining and related products	0	0	0	0	1	1	0	161	4	(P)
Other industrial	4,024	0	28	48	362	1,020	0	101	15	81
Transient lodging and recreational facilities	1,149	0	10	17	48	51	0	0	3	(P)
Other residential	7,657	0	0	164	102	2,211	0	1	118	70
Other commercial and business	6,487	0	11	268	740	1,988	0	527	218	490
Unimproved land held for investment	124,132	0	0	328	1	20,856	0	2	452	1
Other	4,844	0	0	(P)	4	617	0	0	11	(P)

* Revised.
* Preliminary.

* Less than \$500,000.
* Suppressed to avoid disclosure of data of individual companies.

Technical Note

As shown in the table below, data for 1979 have been revised upward substantially:

	1979	
	Preliminary	Revised
Number of investments	792	1,848
Investment outlays (millions of dollars)	11,632	15,317
Total assets of U.S. business enterprises acquired or established (millions of dollars)	20,588	26,527

By industry, revisions were concentrated in real estate and manufacturing; by country of foreign parent, they were concentrated in developed countries, particularly the European Communities (9).

The revisions reflected the fact that 1979 was the first year for which BEA collected these data, and, consequently, many reporters were unfamiliar with reporting requirements. Reports for many investments were filed too late for inclusion in the preliminary data; others were not included because the uneven quality of initially reported data required extra time for review and editing.

The timeliness and quality of reports on 1980 investments improved substantially,

compared with 1979, as reporters gained awareness of reporting requirements and experience in completing the forms. (Many 1979 reporters were also required to report in 1980. Moreover, many reports are completed by agents of investors—e.g., legal or accounting firms—rather than by the investors themselves. Such agents may have been responsible for reporting the investments of several investors, and their experience with 1979 reports may have resulted in improved reporting of 1980 investments.) In addition, BEA increased its emphasis on the timely filing and processing of reports on large investments. As a result, revisions for 1980 are expected to be much smaller than those for 1979.